

INDEPENDENT AUDITORS' REPORT

**To the Audit Committee, the Board of Directors, and the
Inspector General of the Export-Import Bank of the United States:**

We have audited the accompanying balance sheets of the Export-Import Bank of the United States (Ex-Im Bank) as of September 30, 2010 and 2009, and the related statements of net costs, changes in net position, and the combined statements of budgetary resources (collectively referred to as the “financial statements”) for the years then ended. These financial statements are the responsibility of Ex-Im Bank’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the U.S. *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ex-Im Bank’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ex-Im Bank as of September 30, 2010 and 2009, and its net cost of operations and changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information included in the sections entitled “Management’s Discussion and Analysis” and “Required Supplementary Information” are not required parts of the basic financial statements but are supplementary information required by OMB Circular A-136, *Financial Reporting Requirements*, as amended, and the Federal

Accounting Standards Advisory Board. This supplementary information is the responsibility of the Ex-Im Bank’s management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such supplementary information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010, on our consideration of Ex-Im Bank’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Deloitte & Touche LLP

McLean, VA
November 12, 2010

INDEPENDENT AUDITORS' REPORT

ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Audit Committee, the Board of Directors, and the Inspector General of the Export-Import Bank of the United States:

We have audited the financial statements of the Export-Import Bank of the United States (Ex-Im Bank) as of and for the year ended September 30, 2010, and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in U.S. *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ex-Im Bank's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the previous paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined below. However, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

Under standards issued by the American Institute of Certified Public Accountants, a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or the person performing the control does not possess the necessary authority or qualifications to perform the control effectively. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over

financing reporting, that is less severe than a material weakness yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

We identified, and have included below, a significant deficiency involving Ex-Im Bank's internal control over financing reporting as of September 30, 2010:

Accounting for Subsidy Expense

Condition:

Management accelerated the recognition of subsidy expense to the year of authorization instead of the year of disbursement.

Criteria:

Subsidy expense is recognized in accordance with Statements of Federal Financial Accounting Standards (SFFAS) guidance. SFFAS 2 paragraph 24 states that "For direct or guaranteed loans disbursed during a fiscal year, a subsidy expense is recognized".

Cause:

Management changed the method of accounting for subsidy expense to rectify a reconciliation difference in the Financing and Program Funds account as a result of the elimination of the Standard General Ledger accounts 2179 and 2950. Management expected that the additional subsidy expense recorded as a result of this change would be eliminated during the re-estimate process which turned out to be an incorrect expectation.

Effect:

There was a \$133 million overstatement of the provision for credit losses. This amount was corrected by management in the issued financial statements.

Recommendation:

We recommend that management perform a more thorough analysis as part of any consideration to change an accounting treatment. The analysis should include consideration for the applicable accounting literature related to the issue and an evaluation of the implication of such change to the financial statements. Any assertion made should include an evaluation of

the rationale supporting such assertion. A review of the analysis should be performed by an individual with the appropriate competency and authority. Such analysis should include all supporting documentation underlying the conclusion reached and evidence of review and approval should be documented. Depending on the significance of the change, it may be appropriate to consult with the Treasury Department or/and OMB in regards to management's assessment.

We noted other matters involving the internal control over financial reporting that will be reported to Ex-Im Bank in a separate letter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ex-Im Bank's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 07-04, as amended. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended.

This report is intended solely for the information and use of Ex-Im Bank, the Audit Committee, the Board of Directors, the Inspector General, the OMB, the Government Accountability Office, and the United States Congress and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

McLean, VA
November 12, 2010